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Reference #6028

MEMORANDUM FROM GILBERT TEMPLETON, 248 Heath Street East, Toronto 7, December 19,1963

RE. TAXATION OF COIN-OPERATED LAUNDRIES AND DRY CLEANING ESTABLISHMENTS

I operate a laundry and dry-cleaning service at 990 Danforth Avenue (Corner of Donlands Avenue) in additinn to operating Templetons Limited, medicine manufacturers, at 56 Colborne Street, Toronto 1.

Although I do not have the time to give as much attention to the Laundromat as it should have, I think I can qualify as being familiar with the problems of owners of coin-operated laundries and dry-cleaning establishments.

I am satisfied one reason the Government did not tax such services as coin-operated laundries and dry-cleaning establishments was because of the difficulty of collecting such a tax.

In any case, I regard such a tax as uneconomical. Obviously, any such tax must be passed on; certainly in the laundry business there aren't very many people making enough profit to absorb either an 11% tax or a 3% tax or a combination of the two. Most of the coin-operated laundries and dry-cleaning establishements have had a rather difficult time. I have in my laundry benefitted from the fact that two coin-operated dry-cleaning establishments within a quarter of a mile have gone out of business since I started my establishment; and the branch next door of a well-known dry cleaner, with branches all over the East end, has been closed. This surely indicates that competition is fierce, and that these coin-operated services are not highly profitable.

It may be, of course, that when the recent proposals regarding the taxation of laundries and dry-cleaning establishments were framed, consideration was not given to coin-operated laundries and dry-cleaning establishments, but rather to firms that do their laundry and dry-cleaning on a large factory basis, as for example like Parkers, Langleys, etc. However, it is not likely that such firms could be taxed without applyting taxation to the coin-operated laundries and dry-cleaning establishments. These coin-operated laundries are owned for the most part by elderly people, who could not stand any long period of stress and strain beyond what they have now. The real competitor of most of them is the washing-machine in the homes of their customers. For various reasons customers will come out to coin-operated laundries -- because they like the soft water, because their machines are out of order, because doing laundry at home is a lonely job, etc. An increase in price might make people decide to stay home. Moreover, there would be a problem in collecting the tax. Because of the problems involved some of the more hopeful might try to absorb the tax for a while and they might succeed in doing so, because of an increase in business. But, the others would be left with a greatly reduced volume of business and machines equipped to take 30¢ instead of 25¢. amd 12¢ instead of 10¢. In most coin-operated laundries hundreds, perhaps thousands of dollars would be needed to make the change.

Moreover, change-making machines are not equipped to supply coppers. This would involve the installation of additional change-making machines, again at substantial cost.

I think that everything I have said can be substantiated by those who supply the equipment. Actually, they know pretty well how their customers are coming along. For instance you might like to refer to ALD (Canada) Limited, 25 Belfield Road, Rexdale, Telephone 7667255.

I am quite sure that if very many coin-operated laundries had their books audited by chartered accountants, the Institute would realize that the proposed tax would be almost impossible to administer; and that the more successfully it were administered, the more of these laundries would have to go out of business.

May I urge that in considering the taxation of service establishments, by Provincial and Federal Sales Taxes, the problems involved in applying these taxes to coin-operated establishments should be carefully investigated.
I have never done a cost-accounting in my operation, which, however, has steadily lost money, at any rate until this fall when competition in the area greatly lessened. But I have been told that a 10¢ drying operation has an operational cost of 9½¢. If this is correct, obviously there is no room for sales tax amounting to 1½¢. unless there is a simple way of passing it along. Most of these establishments operate without an attendant most of the time. This is a sample of what will be turned up whenever a study is made of the application of sales taxes to these coin-operated laundries and dry-cleaning places.

Gilbert Templeton.

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